

From

Bulletin

Date

Brewerwood
12-4-25FERGUSON ASSUMES
RESPONSIBILITY

IF MR. FERGUSON had been wise enough to refrain from attempting intervention in the Attorney General's suit against the American Road Company, it would not have been necessary for him to defend himself and the administration in connection with the matter. The offending members of the Highway Commission have resigned, the judgment of the court has been entered, the settlement has been made by the road company. But Mr. Ferguson is said to have co-operated with the Highway Commission to an extent that was almost dictation of its work in making the contracts with the American Road Company; and he rushed pellmell into the case as soon as the Attorney General filed his suit, seeking to prevent a hearing of the matter and irrevocably assuming for himself and his wife's administration full responsibility for the contracts. Thus he is compelled to give the public whatever defense he may be able to produce, and the public's verdict will be directed against him rather than against the two road Commissioners.

A careful reading of Mr. Ferguson's labored statement seeking to show that instead of saving \$600,000 of the state's road funds Mr. Moody's suit had actually cost the state \$1,800,000 does not disclose proof of the claim. The former Governor's claim is that through the suit the road company was enabled to retire with a net profit of \$900,000, which is "lost" to the state; and that another \$900,000 will be necessary to do the work covered by the cancelled contracts. If a profit of \$900,000 remained after \$600,000 of profit had been refunded by the road company, as is claimed by Mr. Ferguson, then it is shown that a total profit of \$1,500,000 has actually been paid by the Highway Commission on the work actually done by the company, which, Mr. Ferguson says, cost the state \$2,100,000; in other words, according to Mr. Ferguson's claim, the state had already paid the road company a net profit of one and a half million dollars on a total contract of slightly over two million dollars. And the wonder is that Mr. Ferguson attempts to defend a contract which provided for such a profit, and to condemn the action of the Attorney General in recovering a part of the enormous profit for the state.

What actually occurred was somewhat different. Mr. Moody contended, the court ruled that the contention was correct, and the defendant road company frankly admitted, that the American Road Company has been paid a profit of \$600,000 more than was fair and equitable under the resurfacing contract granted by the Highway Commission. By agreement, the excess profit was returned to the state, and the contracts with the road company were cancelled. If any additional work is to be done on the roads covered by the contracts, the state will do it and pay for it. If any additional work had been necessary under the contracts which were cancelled, the state would have paid for it. The money recovered for the state by Mr. Moody is a part of the profit already paid to the road company, and goes back into the highway fund to pay for more road work wherever it may be needed.

The fact of the whole matter is that the Highway Commission made a very unwise contract with the American Road company for a large volume of road work in Texas. The contract was made with at least the consent of Mr. Ferguson, if not at his direction. The Road Company itself has admitted that the contract gave it exorbitant profits, and has refunded as much of the profit as was reasonably adjudged to be over-payment. To defend the contracts is to defend careless handling of the state's funds, to say the least of it; for even Mr. Ferguson claims that under the contracts the American Road Company would have been able to realize a net profit of at least twenty-five per cent had the Attorney General's suit not been filed, and a twenty-five per cent profit on a two million dollar road surfacing job is as unusual as it is unreasonable. The people of Texas do not approve that kind of management of the enormous sums they are providing for highway construction and maintenance, and they do not countenance attempted defenses of such management. Mr. Ferguson has unwisely assumed responsibility for it, and will have difficulty in relieving himself of it. Principles are involved which are much more important than the \$600,000 which has been restored to the state treasury by a watchful public official.